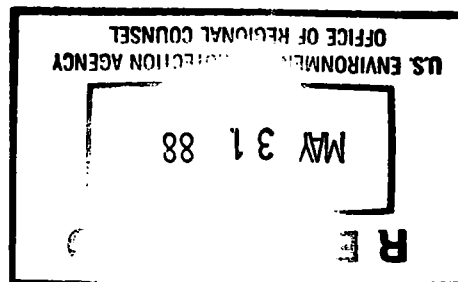


May 26, 1988

Richard McAllister, Esq
Office of Regional Counsel
U.S. Environmental Protection Agency
Region I
JFK Building
Boston, MA 02203



RE: Cannons Engineering Site

Dear Mr. McAllister:

Because of our mutual concerns over the effect of the recent E.C. Whitney letter on the Cannons Consent Agreement, I am forwarding this brief status report.

Pursuant to your suggestion, I am conducting an investigation to sort out the issues Whitney has raised. Enclosed you will find all manifests and shipping documents which relate to shipments from BASF to either Interex or Recycling Industries by E. C. Whitney during the relevant period 1979-1981. Whitney has stated, however, that it has no information as to BASF wastes which may have been transferred to Cannons.

I recently interviewed Hank Ypsilantis, former general manager of Interex and currently with Clean Harbors, Inc (formerly Recycling Industries). Mr. Ypsilantis was manager of the Chemical Disposal Department of Interex from August 1976 to April 1985 and thoroughly familiar with that company's past practices and policies. Mr. Ypsilantis is certain that of all BASF wastes transferred to Interex, only hydrocarbon liquids could possibly have been taken to Cannons. As Mr. Ypsilantis stated "Interex sent only hydrocarbon liquids to Cannons because the general policy was to send only high b.t.u., non-halogenated content fuel value type material because of Interex's familiarity with the site." Mr. Ypsilantis further stated that Cannons was not the only recipient of hydrocarbon liquids and in fact, the great majority of it was sent to what he referred to as high b.t.u. cement kilns in upstate New York. BASF, however, is attempting to go even further and actually research archived records which should indicate the precise amount of BASF waste which was sent to Cannons.



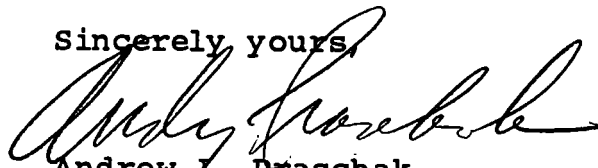
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Mr. Ypsilantis, and representatives from the BASF facility intend to begin their search of the archived records next week. Upon receipt of this information, of course, I will assemble and forward it to your office.

I appreciate your continued cooperation in this matter and am grateful for your granting of an extension of the time for submitting the signed Consent Agreement while we attempt to sort out this new information.

I feel certain that upon completion of the investigation, BASF will remain eligible for inclusion in the de minimus settlement. Please feel free to call me if you have any questions or if I may be of any assistance in this matter.

Sincerely yours,



Andrew L. Praschak
Senior Attorney

:mh

cc: Susan Fry
BASF Systems